



FEDERAL ELECTION COMMISSION
WASHINGTON, D C 20463

VIA FIRST CLASS MAIL

OCT 3 2005

Richard A. Wright, Esq.
Wright, Judd & Winckler
300 South 4th Street
Suite 701
Las Vegas, NV 89101

RE: MUR 5305
James M. Rhodes, Rhodes Design
and Development Corporation,
Bravo, Inc. d/b/a/ Rhodes Framing,
Rhodes Ranch General Partnership

Dear Mr. Wright:

On September 20, 2005, the Federal Election Commission accepted the signed conciliation agreement and the civil penalty check for \$148,000 submitted on behalf of your clients, James M. Rhodes, Rhodes Design and Development Corporation, Bravo, Inc. d/b/a/ Rhodes Framing, and Rhodes Ranch General Partnership, in settlement of violations of 2 U.S.C. §§ 441a(a)(1)(A), 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended. Accordingly, the file has been closed in this matter as it pertains to your clients.

The Commission reminds you that the confidentiality provisions of 2 U.S.C. § 437g(a)(12)(A) still apply, and that this matter is still open with respect to other respondents. The Commission will notify you when the entire file has been closed.

Enclosed you will find a copy of the fully executed conciliation agreement for your files. If you have any questions, please contact me at (202) 694-1650.

Sincerely,

Marianne Abely
Marianne Abely
Attorney

Enclosure
Conciliation Agreement

26044132169

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
)
James M. Rhodes) MUR 5305
Rhodes Design and Development Corp.)
Bravo Inc. d/b/a Rhodes Framing)
Rhodes Ranch General Partnership)
)

CONCILIATION AGREEMENT

26044132170

This matter was initiated by a complaint filed by Donald F. McGahn, II, General Counsel of the National Republican Congressional Committee. The Federal Election Commission ("Commission") found reason to believe that Respondents James M. Rhodes and Rhodes Design and Development Corporation violated sections 441b(a), 441a(a)(1)(A), and 441f of the Federal Election Campaign Act of 1971, as amended ("the Act"). The Commission further found reason to believe that Respondents Bravo Inc. d/b/a Rhodes Framing, and Rhodes Ranch General Partnership knowingly and willfully violated sections 441b(a), 441a(a)(1)(A), and 441f. During its investigation, the Commission concluded that James M. Rhodes and Rhodes Design and Development Corporation also knowingly and willfully violated the Act.

NOW, THEREFORE, the Commission and Respondents, having participated in informal methods of conciliation, prior to a finding of probable cause to believe, do hereby agree as follows:

I. The Commission has jurisdiction over Respondents and the subject matter of this proceeding, and this agreement has the effect of an agreement entered pursuant to 2 U.S.C. § 437g(a)(4)(A)(i).

- II. Respondents have had a reasonable opportunity to demonstrate that no action should be taken in this matter.
- III. Respondents enter voluntarily into this agreement with the Commission.
- IV. The pertinent facts in this matter are as follows:¹

Parties

1. James M. Rhodes is a Las Vegas, Nevada real estate developer and a partner in Rhodes Ranch General Partnership. He is the President of Rhodes Design and Development Corporation and is the owner of Bravo Inc. d/b/a Rhodes Framing. He contributed \$30,000 between 1997 and 2002 to various candidate and other committees. In 1998, Mr. Rhodes received a refund from the Jim Hansen Committee after making an excessive contribution.

2. Rhodes Ranch General Partnership ("Rhodes Ranch") is a Las Vegas, Nevada company that has elected to be treated as a partnership for tax purposes. Rhodes Ranch owns and/or operates various real estate enterprises. James M. Rhodes has a substantial equity interest in Rhodes Ranch.

3. Rhodes Design and Development Corporation ("RDDC") is a Las Vegas, Nevada real estate development company, owning and operating several real estate enterprises. James M. Rhodes has a substantial equity interest in RDDC.

¹ All of the facts recounted in this agreement occurred prior to the effective date of the Bipartisan Campaign Reform Act of 2002 ("BCRA"), Pub. L. 107-155, 116 Stat. 81 (2002). Accordingly, unless specifically noted to the contrary, all citations to the Federal Election Campaign Act of 1971, as amended (the "Act"), herein are to the Act as it read prior to the effective date of BCRA and all citations to the Commission's regulations herein are to the 2002 edition of Title 11, Code of Federal Regulations, which was published prior to the Commission's promulgation of any regulations under BCRA. All statements of the law in this agreement that are written in the present tense shall be construed to be in either the present or the past tense, as necessary, depending on whether the statement would be modified by the impact of BCRA or the regulations thereunder.

26044132171

4. Bravo Inc. d/b/a Rhodes Framing ("Bravo") is a Las Vegas, Nevada construction framing company wholly owned by James M. Rhodes.

5. Nadine Giudicessi is corporate controller at Rhodes Design and Development Corporation. Her responsibilities include monitoring cash-flow at the various entities that make up RDDC and preparing the corporation's financial statements.

6. James Bevan is the Chief Financial Officer at Rhodes Design and Development Corporation. He is Nadine Giudicessi's supervisor.

7. Twelve employees or former employees of RDDC, Rhodes Ranch, or Bravo, and two of their spouses, were solicited to deliver contributions to Nadine Giudicessi and/or James Bevan. These individuals are collectively referred to as the "conduit contributors."

8. Herrera for Congress ("Herrera Committee") was the principal campaign committee of Dario Herrera, a candidate in the 2002 election for Nevada's 3rd Congressional District.

9. Friends for Harry Reid ("Reid Committee") is the principal campaign committee of Harry Reid, a U.S. Senator from Nevada.

Applicable Law

10. Under the Federal Election Campaign Act of 1971, as amended (the "Act"), it is unlawful for corporations to make contributions or expenditures from their general treasury funds in connection with any election of any candidate for federal office. It is also unlawful for corporate officers and directors to consent to such contributions or expenditures. 2 U.S.C. § 441b(a).

26044132172

11. The Act further makes it unlawful for any person to make a contribution in the name of another, or for any person knowingly to permit his or her name to be used to make such a contribution. Moreover, no person may knowingly help or assist any person in making a contribution in the name of another. 2 U.S.C. § 441f; 11 C.F.R. § 110.4(b)(1)(iii).

12. The Act and the Commission's regulations prohibit any person from making contributions to any candidate and his or her authorized political committees with respect to any election for federal office which, in the aggregate, exceed \$1,000. 2 U.S.C. § 441a(a)(1)(A); 11 C.F.R. § 110.1(b)(1). The Act prohibits any person from making federal political contributions totaling in excess of \$25,000 per calendar year. 2 U.S.C. § 441a(a)(3).

13. A partnership is a "person" under the Act and thus may make federal political contributions. 2 U.S.C. § 431(11). Partnership contributions are treated as counting towards both the contribution limit of the partnership and the specific partners to whom portions of the contribution are attributed. 11 C.F.R. § 110.1(e).

14. Reason to believe is a preliminary finding and a statutory prerequisite to an investigation as to whether there is probable cause to believe a violation occurred. 2 U.S.C. § 437g.

15. The Act addresses violations of law that are knowing and willful. *See* 2 U.S.C. § 437g(a)(5)(B).

Contributions to the Herrera Committee

16. During the 2002 election cycle, James M. Rhodes asked RDDC employees, James A. Bevan and Nadine Giudicessi, to make contributions to the Herrera Committee and to ask management-level staff at RDDC, Rhodes Ranch, and Bravo to do the same.

26044132173

17. Rhodes told Giudicessi and Bevan that any management-level staff member who contributed to the Herrera Committee would be reimbursed for his or her contribution. Rhodes also specified the amounts each employee should contribute.

18. In response to Rhodes's request, Nadine Giudicessi and James A. Bevan asked the conduit contributors to contribute to the Herrera Committee. Each was told that his or her contributions would be reimbursed.

19. Nadine Giudicessi also asked one particular conduit contributor to obtain a contribution check from her husband. The individual complied and submitted a \$1,000 contribution check to the Herrera Committee in her husband's name.

20. Ms. Giudicessi also submitted a \$2,000 check to the Herrera Committee in her husband's name.

21. James M. Rhodes made a \$2,000 contribution in his own name to the Herrera Committee.

22. Together, Rhodes and the conduit contributors contributed a total of \$27,000 to the Herrera Committee.

23. The conduit contributors' contributions to the Herrera Committee were spread over four dates, from April 2001 to March 2002; \$15,000 of the Herrera contributions were written on June 30, 2001. The candidate, Dario Herrera, picked these checks up in person from RDDC's office after being told that they were available.

24. Giudicessi and Bevan distributed reimbursement checks to the conduit contributors for the conduits' contributions to the Herrera Committee.

26044132174

25. The Herrera Committee reported the conduit contributors' contributions to the Federal Election Commission as contributions from Rhodes and the individual conduit contributors.

Contributions to the Reid Committee

26. In addition to the contributions to the Herrera Committee, James M. Rhodes also asked Nadine Giudicessi and James A. Bevan to find management-level staff to contribute to the Reid Committee. Rhodes told Giudicessi and Bevan that any management-level staff who contributed would be reimbursed for his or her contribution.

27. In response to Rhodes' request, Giudicessi and Bevan asked three conduit contributors to contribute to the Reid Committee, telling them that they would be reimbursed for their contribution.

28. Combined, Giudicessi, Bevan, and the three other conduit contributors contributed a total of \$10,000 to the Reid Committee, each contributing \$1,000 to the primary and \$1,000 to the general election.

29. Giudicessi and Bevan distributed reimbursement checks to the conduit contributors for the conduits' contributions to the Reid Committee.

30. The Reid Committee reported the conduit contributors' contributions to the Federal Election Commission as contributions from the individual conduit contributors.

Contributions Reimbursed

31. The funds used to reimburse the contributions were drawn from the corporate bank accounts of Rhodes Design and Development Corp., Bravo Inc. d/b/a Rhodes Framing, and Rhodes Ranch General Partnership.

26044132175

32. The five reimbursement checks were written as follows:

DATE	AMOUNT	PAYOR	PAYEE
4/9/01	\$5,000 00	RDDC	Cash
6/28/01	\$8,000 00	Bravo Inc	Petty Cash
6/29/01	\$7,000 00	RDDC	Petty Cash
6/29/01	\$10,000 00	Rhodes Ranch	Cash
3/27/02	\$10,000 00	Rhodes Ranch	Rhodes Ranch

33. Petty cash accounts at the Rhodes entities routinely held only \$500 at any time, and petty cash transactions were typically less than \$50.

34. James M. Rhodes caused corporate ledger reports to refer to the reimbursement checks in various ways: one reimbursement check for \$5,000 was accounted for in the general ledger as "cash for travel"; one was described as "reimburse," a common entry for reimbursed business expenses; two were attributed to "petty cash"; and one was described only as "*."

35. An initial version of RDDC's and Bravo's combined Form 1120 (the tax returns for these entities were filed under the name "Sagebrush Enterprises") characterizes \$12,000 of the reimbursed funds as deductible business expenses. When Rhodes' certified public accountants found that these funds were actually used for political contributions, they informed Rhodes that he would have to amend his tax returns. Rhodes subsequently filed amended returns for himself and the entities.

Violations

V. Respondent James M. Rhodes violated 2 U.S.C. §§ 441b(a) and 441f by assisting Rhodes Design and Development Corp. and Bravo Inc. d/b/a Rhodes Framing in making corporate contributions to the Herrera and Reid Committees in his name as well as the names of others, and by consenting to those contributions. Respondent will cease and desist from violating 2 U.S.C. §§ 441b(a) and 441f.

26044132176

VI. Mr. Rhodes also violated 2 U.S.C. § 441a(a)(1)(A) by making excessive contributions with partnership funds to the Herrera Committee in the names of others. Respondent will cease and desist from violating 2 U.S.C. § 441a.

VII. Respondent Rhodes Ranch General Partnership violated 2 U.S.C. §§ 441a and 441f by making excessive contributions to the Herrera and Reid Committees in the names of others. Respondent will cease and desist from violating 2 U.S.C. §§ 441a and 441f.

VIII. Respondent Rhodes Design and Development Corporation violated 2 U.S.C. §§ 441b(a) and 441f by making corporate contributions to the Herrera and Reid Committees in the names of others. Respondent will cease and desist from violating 2 U.S.C. §§ 441b(a) and 441f.

IX. Respondent Bravo Inc. d/b/a Rhodes Framing violated 2 U.S.C. §§ 441b(a) and 441f by making corporate contributions to the Herrera and Reid Committees in the names of others. Respondent will cease and desist from violating 2 U.S.C. §§ 441b(a) and 441f.

Civil Penalty

X. Respondents James M. Rhodes, Rhodes Design and Development Corp., Rhodes Ranch General Partnership, and Bravo Inc. d/b/a Rhodes Framing will pay a civil penalty to the Federal Election Commission in the amount of One Hundred Forty-Eight Thousand dollars (\$148,000), pursuant to 2 U.S.C. § 437g(a)(5)(B).

Other Provisions

XI. The Commission, on request of anyone filing a complaint under 2 U.S.C. § 437g(a)(1) concerning the matters at issue herein or on its own motion, may review compliance with this agreement. If the Commission believes that this agreement or any requirement thereof has been

26044132177

violated, it may institute a civil action for relief in the United States District Court for the District of Columbia.

XII. This agreement shall become effective as of the date all parties hereto have executed same and the Commission has approved the entire agreement.

XIII. Respondents shall have no more than 30 days from the date this agreement becomes effective to comply with and implement the requirement contained in this agreement and to so notify the Commission.

XIV. Respondents waive any and all claims they may have to the refund of their illegal contributions to the Herrera and Reid Committees. Respondents further agree to advise the Herrera and Reid Committees, in writing, of this waiver, and to direct those Committees to disgorge contributions in the amount of Twenty-Seven Thousand Dollars (\$27,000) and Ten Thousand Dollars (\$10,000), respectively, to the U.S. Treasury.

XV. This Conciliation Agreement constitutes the entire agreement between the parties on the matters raised herein, and no other statement, promise, or agreement, either written or oral, made by either party or by agents of either party, that is not contained in this written agreement shall be enforceable.

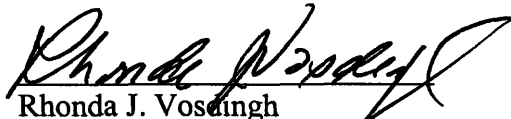
26044132178

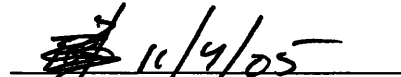
FOR THE COMMISSION:


Lawrence H. Norton


General Counsel

BY:


Rhonda J. Vosdingh
Associate General Counsel
for Enforcement


Date 11/4/05


James M. Rhodes for himself
and Rhodes Design and Development
Corp., Bravo Inc. d/b/a Rhodes Framing,
and Rhodes Ranch General Partnership


Date 6-6-05

26044132179